

STAT

30 September 1959

The Honorable Frederick H. Mueller/
Secretary of Commerce
Washington 25, D. C.

Dear Fred:

Foreign
Broadcast Information Service Daily Report of
28 September, in which there is listed on pages
BB-2 to BB-11 (as tabbed) a transcript of Moscow's
radio broadcast (home service in Russian) of the
Ridder dinner, in which I thought you would be
interested. I have marked the pertinent portions.
Also I am now checking with those on the American
side who attended the dinner to ascertain the accu-
racy of the Moscow radio report.

STAT

I am most appreciative for the chance to
get together with you last Monday and for your
cooperation on the subject of our discussion.

With kindest personal regards.

Sincerely,

SIGNED

Allen W. Dulles
Director

Enclosure

O/DCI/AAB/JMC:kp (30 Sept 59)
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(EXECUTIVE)

DAILY REPORT

MONDAY
SEPT. 28, 1959

Foreign Radio Broadcasts

No. 189 -- 1959

I — LATIN AMERICA

II — MIDDLE EAST & WEST EUROPE

III — USSR AND EAST EUROPE

IV — FAR EAST

SPECIAL NOTICE

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Foreign Broadcast Information Service

The reception passed in an exclusive warm atmosphere. It was attended by more than 500 guests. Afterwards, a dinner in honor of the Chairman of the USSR Council of Ministers N.S. Khrushchev was given by E. Ridder, JOURNAL OF COMMERCE publisher, in the Sheraton-Carlton Hotel, one of the city's largest.

Ridder Dinner

Moscow, Soviet Home Service, Sept. 27, 1959, 0600 GMT--L

(Text) On Sept. 24, 1959, the publisher of the JOURNAL OF COMMERCE, Mr. Eric Ridder, gave a dinner in Washington in honor of Nikita Khrushchev, which was attended by representatives of U.S. business and commercial circles. The press group accompanying the chairman of the USSR Council of Ministers has released a transcript of the conversation which took place at the dinner.

At the start of the conversation, Mr. Eric Ridder welcomed N.S. Khrushchev and thanked him for his consent to meet businessmen in a small circle to exchange opinions on some important questions, including questions on Soviet-American trade. Mr. Ridder pointed out that when he was received by Nikita Khrushchev in Moscow in March 1958, he asked many questions and received exhaustive replies. Now his colleagues had the same opportunity. He felt confident that many questions would be asked Khrushchev today and that he in turn would of course be able to ask questions to American businessmen.

Question: Do you think, Mr. Chairman, that your visit to the United States will help to develop Soviet-American trade relations?

N.S. Khrushchev: Yes, I promise it will, but the American businessmen themselves can probably give a better answer to this question.

E. Ridder: I beg my guests to express their views on this remark by Prime Minister Khrushchev.

F. Courtney, President of the Coty Company: I do not see how Mr. Khrushchev's trip can help Soviet-American trade.

E. Ridder: I am of a different opinion and presume that the improvement of political relations will help to develop business contacts between the two countries.

C. White, President of the Republic Steel Corporation: Trade with the Soviet Union is not a new business for us.

U S S R I N T E R N A T I O N A L A F F A I R S

Sept. 28, 1959

KHRUSHCHEV CONCLUDES AMERICAN TOUR

Moscow, TASS, Radioteletype in English to Europe, Sept. 1, 1959,
1800 GMT--L

(Text) Washington--A big reception in honor of the chairman of the USSR Council of Ministers, Nikita S. Khrushchev, was given in the USSR Embassy here on the evening of Sept. 24.

Present on the Soviet side were the Chairman of the USSR Council of Ministers N.S. Khrushchev and his family; A.A. Gromyko, USSR minister of foreign affairs; V.P. Yelyutin, USSR minister of higher and specialized secondary education; G.A. Zhukov, chairman of the state committee for cultural relations with foreign countries of the USSR Council of Ministers; M.A. Menshikov, USSR ambassador to the United States; V.S. Yemelyanov, chief of the central atomic energy administration of the USSR Council of Ministers; M.A. Sholokhov, writer; N.A. Tikhonov, chairman of the Dnepropetrovsk economic council of the Ukrainian Republic; Prof. A.M. Markov, member of the collegium of the Ministry of Public Health of the USSR; L.F. Ilyichev; P.A. Satyukov; A.I. Adzhubey; G.I. Shuisky; V.S. Lebedev; O.A. Troyanovsky; A.S. Shevchenko; A.A. Soldatov; V.F. Grubyakov; A.A. Tupolev; M.A. Kharlamov; F.F. Molochkov; N.A. Lunkov; A.G. Kovalev; and V.M. Vinogradov.

Present on the American side were Vice President and Mrs. Richard Nixon; H. Lodge, permanent U.S. representative to the United Nations and special representative of President Eisenhower; Mrs. Herter; F. Muller, secretary of commerce; D. McCone, chairman of the Atomic Energy Commission; D. Dillon, deputy undersecretary of state; J. Hagerty, White House press secretary; Berding, assistant secretary of state; W. Lacy, special assistant for East-West exchanges; D. Allen, director of the U.S. information service; Senator D. Sparkman, member of the Senate Foreign Relations Committee; J. Fulton, member of the House Foreign Affairs Committee; L. Thompson, ambassador to the USSR; McLaughlin, chairman of the commission of the District of Columbia; prominent industrialist and public figure Cyrus Eaton and his wife; W. Cisler, former president of the Detroit Edison Company; E. Ridder, JOURNAL OF COMMERCE publisher; well-known American pianist Van Cliburn; ambassadors and embassy staffs of the people's democracies; ambassadors of Britain, France, Italy, Sweden, Austria, Norway, India, and other countries; representatives of business circles, public figures, and intelligentsia of the U.S. capital.

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USSR INTERNATIONAL AFFAIRS
Sept. 28, 1959

We have sold sheet steel to the Soviet Union. The Union Carbide and Carbon Company has purchased ore from Soviet organizations. We have been trading with the Russians for 30 years. I wish to say that today the Russians produce many goods that are manufactured in the United States, and **this** exclusiveness of markets has created difficulties in trade. I am well aware of the situation in the United States and of American problems. The employers and workers are often at loggerheads here. Communists are involved in all these conflicts; they aggravate them, thereby creating difficulties in the establishment of relations with the Soviet Union.

D. Strauss, President of the Macy and Company board: The difficulty is that American consumers do not wish to buy goods from behind the iron curtain.

W. Moore, President of the Moore-McCormack Lines: We have been working with the Russians since 1928. We have made large shipments from the Soviet Union to the United States and vice versa, and are **making** some now, too.

We know the Russians well. Our business relations with them have always been good. We believe that an **improvement** of political relations will bring about an improvement of business as well, because trade always develops hand in hand with friendship.

I cannot agree that the Americans refuse to purchase goods from the Soviet Union and the other socialist states. We import ham, for instance, from Poland to the United States, and various other goods from Czechoslovakia. I do not know how they sell them in the United States--this is not within our competence--but I know **tha** their sale is growing all the time. The importation of Polish ham to the United States, for example, I think, trebled recently. We also import Soviet goods, particularly caviar, and we should like more of it to come to the United States (one word indistinct).

F. Courtney: During his interview with E. Ridder, Mr. Khrushchev said that Russia wishes to buy all the goods she needs and to sell the merchandise she has. But trade and settlements are always done in gold. Unfortunately, the Soviet Union does not publish figures on gold production and reserves. We are alarmed by this because all the other countries publish these figures. Lack of such data concerning the Soviet Union undermines confidence and worries us.

N.S. Khrushchev: I have listened attentively to your questions, gentlemen, and have not interrupted you. But I do not understand to what extent and why the American business quarters are worried by the fact that we do not publish figures on gold reserves.

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In general, I do not understand what gold has to do with it. I must say we do not prize gold too highly. I could cite in this connection the words of V.I. Lenin on gold, but I do not think it quite appropriate at a dinner table. (Laughter)

H. Lodge, personal representative of the U.S. President during Khrushchev's tour: I am a small capitalist and I have no gold at all.

Khrushchev: But I do have gold. Here it is (Points to two gold medals of "Hero of Socialist Labor" medals--TASS). But this gold does not belong to me. When I die it will be returned to the state.

Remark: And your family will not be entitled to dispose of this gold?

N.S. Khrushchev: No, it will not. As to gold and foreign trade, you can ask anyone with whom we have done business and they will tell you that we have always been reliable payers and have never remained in debt. Now, concerning the earlier questions: Is it customary here to ask when you go shopping when this or that merchandise was produced and by whom?

I myself have bought a hat in your country because I presented mine to a San Francisco dockworker. When I was buying it, I did not ask who made the hat and did not inquire about the political views of the shop's owner. I did not know that it was customary with you to ask when shopping who manufactured this or that merchandise, who is the father of the shop owner, who is his wife, and what her name is. This makes trading very complicated indeed. (Animation in the hall; shouts of "Right you are")

Remark: But under our laws the source of imported merchandise is important. For instance, there was a time when it was forbidden to buy German goods.

N.S. Khrushchev: My dear tradesman, you have mixed everything up--trade, economy; yes, and politics. You speak of things that do not conform at all with any laws of political economy. When you were not allowed to buy German goods you were in a state of war with Germany. But we are not warring with you now! I am confident that if shops were opened to sell Soviet goods, you people would buy them with pleasure. I know that you do not like the Russian revolution, as you choose to call the great October Socialist Revolution, but you do like Russian caviar, for instance, and as I have noticed, are ready to eat it in rather large quantities. (Laughter)

D. Strauss: And will you permit the Macy Company to open its shop on a reciprocal basis?

N.S. Khrushchev: This is a businesslike approach indeed. We are ready to negotiate. But are you also ready, gentlemen? (Animation in the hall) But you must realize of course, that I am speaking of goods and not shops. American businessmen can organize the sale of our goods themselves and profit from it. The trouble is, though, that many of our goods cannot be imported to the United States today because they are subjected to excessive import duty.

M.A. Menshikov: The import duty on several Soviet goods is three to four times higher than the duty on similar merchandise from other countries. The import duty on vodka, for instance, is four times higher.

N.S. Khrushchev: I want you to understand me correctly. I have not come here to foist stale goods on you. What is more, we do not have such goods in our country. We produce a lot and sell everything quickly. Our warehouses are not stocked with stale goods. The road from the producer to the shop and then to the consumer is traversed by the merchandise very quickly. If you do not wish to trade with us, don't. We shall wait until you knock at our door. I repeat again that we shall wait, we are not pressed for it. And you can sit at the sea and wait for good weather. (Animation in the hall) We trade very well with China and other socialist states. Our commercial relations are developing successfully with India, Britain, France, West Germany, and Italy. We are doing fine. Our national economy is growing two to three times faster than yours. We ought, to to say, to thank God and do our good deed. (Animation in the hall, applause)

M. Miller, President of Allied Chemical: I believe that an improvement of relations between our countries, a development of contacts among nations, will make for better economic relations too.

N.S. Khrushchev: That is right, I have the same trend of mind. That is why I have said that an improvement in political relations is bound to cause improvements in trade. It is important for you to realize, though, that we have not come to pick your pockets. We keep our hands in our own pockets. (Laughter) Even if you keep your pockets unbuttoned, I will pass by without even so much as glancing at what it contains. (Laughter, applause)

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USSR INTERNATIONAL AFFAIRS

Sept. 23, 1959

The present unfavorable trade relations between our two countries is rather a political than an economic factor. It is common knowledge that you did not recognize the Soviet Union for 16 years, but you traded with it. (Animation in the hall) Now you recognize us but refuse to trade. I do not know how long this will continue--for another 16 years or more--that is your affair. Think and decide for yourselves.

R. Reed, of the American Express Company: Development of trade could be greatly promoted by the extension of contacts between the businessmen of the two countries. Tourist exchange between the United States of America and the Soviet Union has grown recently.

N.S. Khrushchev: I believe this step is correct. We encourage such contacts and will develop them by all means.

R. Reed: The Soviet side was agreeing to the establishment of American travel agencies in the Soviet Union with a view to promoting tourism. However, they are still not there. I realize that it is a detail, but I should like to inform you that such a question does exist.

N.S. Khrushchev: I shall bear in mind your remark.

R. Reed: Do you think trade between our two countries would be more successful if we had a trade agreement?

N.S. Khrushchev: Why not? Why can we trade with others, Krupp for instance, and not with you?

F. Courtney: Just the same, there are many difficulties in Western trade with the Soviet Union. One of these is the monopoly on foreign trade.

N.S. Khrushchev: You again confuse trade and politics. The question of monopolies on foreign trade was decided in our country 42 years ago, and is not subject to revision. If it is difficult to trade with us, don't do it. Trade with those that are easier to get along with, but the system in our country will remain contact.

F. Courtney: But both you and we want to trade.

N.S. Khrushchev: Why, we have already had considerable exchanges with many American firms. Ford, for instance. And this trade was profitable both to us and Ford.

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F. Cortney: Perhaps it was profitable to Ford, but not to America? (Animation)

N.S. Khrushchev: But business America consists of Fords! (Laughter)

E. Ridder: Could you, Mr. Khrushchey, share your impressions of your tour of the United States?

N.S. Khrushchev: I am pleased with my United States tour. The American people are a peace-loving nation, and like all the peoples of the world they do not want war. And I stress once again that I do not class the American people into business and political quarters, do not separate them from the government. Maybe businessmen are more inclined to peaceful development. But I do not wish to delve into your soul; this is a difficult business. It is very possible also that some of the businessmen, those who have big military orders, are not inclined to peaceful development. But this is my conjecture; perhaps I am erring. You have many people among the political leaders who fear the cold war might end. They have delivered too many cold war harangues. They have entered congress on a cold war horse, and wish to remain in the saddle. (Laughter) But this is also a supposition, and I cannot say exactly how many people like this you have.

I wish to be frank because I shall report to my government on this trip. I believe the American people wish to reach agreement and live in peace. But obviously some time will be needed before we establish full confidence in our relations. (Exclamations: "That's right")

Now a few words about trade. I have already said at the economic club that our national economy does not suffer from the fact that trade between the Soviet Union and the United States is at a standstill. But if we had trade it would be better for you and for us (Animation. Shouts: "That is reasonable") (Word indistinct) trade is known to draw on the benefit of the international division of labor, on the benefit of specialized production. We would not develop the production of many machines in our country if we could buy them from you. But since there is no trade, we are compelled to develop the production of these machines at home, which we are doing successfully. Today, for instance, I was told at your Mesta machine-works that the biggest press built in the United States had a pressure of 50,000 tons, while we have built a 70,000 ton press.

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Even if we do not have something, we shall make it ourselves. Several of our machines are better than yours, and we sell them to you. For instance, you have bought a licence for production of turbodrills for the oil industry. But we could buy your machines too. We would, for instance, buy chemical equipment from you because you are well advanced in its production. We could produce this equipment ourselves, but this would take some time. This is why we are ready to purchase this equipment from you and pay according to the usual international practice. We could also buy equipment for the oil refining industry. Formerly we did business with DuPont. We are ready to do business with that company again if this is not precluded by the State Department. But if you do not sell us equipment for the oil refining industry, we shall build it ourselves and fulfill our plans ahead of schedule. It seems to be useful.

It is worth noting that we buy chemical equipment in other countries, and it is better than yours. Last year we bought two chemical plants from Krupp. The Americans have bought a similar plant in Germany. We have bought a tire factory in Britain. Equipment for this factory has already been delivered to the Dnepropetrovsk economic area of the USSR. It is now being installed. We have even been told that Britain has outstripped you Americans in this branch of production.

N.A. Tikhonov: The United States does not have such an advanced technology of tire manufacture.

N.S. Khrushchev: After signing a trade agreement with Britain, we concluded many contracts with British companies. Italy holds an important place in producing equipment for the artificial fiber industry. We buy this equipment there and also in France. In short, all your allies sell us what we need and we buy it from them. Only America does not trade with us. Well, we have a saying: You won't stand to gain if you pout your lips and do not eat the porridge. (Animation) If you like, don't eat our Russian porridge. This is your business. Perhaps our porridge does not suit your stomach. (Laughter) We have no complaints. If it benefits not, don't; if it benefits you, then go ahead and buy; if it does not, don't. This is the law that underlies trade. (Applause)

I see that the Americans fear communism as a rabbit fears a python, and they lose their common sense. Well, we can afford to wait until you come to normal and begin trading. (Laughter)

Question: Why then, despite all this, do you borrow a lot from the capitalist countries?

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N. S. Khrushchev: We are no fools! (Laughter and applause) Why should we disregard sound experience? You have yielded a lot in the field of production organization. Ford, for instance, has developed the conveyor line method. We have borrowed this method and are improving it.

Question: We are interested in trade with you. But why do the Soviet organizations buy only models of machines?

N. S. Khrushchev: I shall tell you frankly. If John Deere wishes to sell us tractors and farm machinery, this is unrealistic, because we have our own farm machines industry. We buy, and we can buy, say a score or a hundred tractors or other agricultural machines. This is done to compare them with our models, to see which are better. But why are you displeased? How many tractors or combine harvesters do you sell to one farmer? Will Gasst buy 1,000 tractors from you? Indeed, no farmer will buy even a dozen machines. He will buy one or two, while we will buy 10 or 100. It is pointless to argue about models. I will tell you pointblank: we are not interested in buying tractors, harvester combines, planes, and rockets. (Laughter) We want to buy chemical equipment, equipment for engineering and oil-refining plants. (Animation) As to tractors, gentlemen, we can sell them to you ourselves. If you wish, we can sell you even one tractor. (Animation)

E. Ridder: You, Mr. Khrushchev, have raised the question of credits. What is your position now?

N. S. Khrushchev: We do not ask for credits. But if the American industrialists want to receive big orders from us, they will get them if they give us credits. What we have in mind are firm credits like the ones given us by the British. As to government credits, they are obviously impossible under the present relations between our countries. If there are firm credits, we shall pay a reasonable interest. But I stress, a reasonable one. We shall not agree to high interest rates.

H. Miller: What do you mean by a reasonable interest?

N. S. Khrushchev: Not more than you receive from others. The interest operating in the international market. We are not in a situation to cry for credits. You are businessmen, and are in a position to see how fast we are developing. One percent of above-plan production is worth 11 billion rubles in the Soviet national economy.

This year we are five percent above the operating program. This means that by the end of the year we shall have 50 additional billion rubles. At the end of the seven-year plan, one percent will amount to 19 billion rubles. I am citing these figures to show that our plan has been drafted realistically.

I have even received a letter from one American economist who argued that the Soviet economists had incorrectly calculated the seven-year steel output program. We have planned 91 million tons, and he holds that the Soviet Union will produce 104 to 105 million tons.

Pacey: I produce cameras. I was told that your cameras are bad. If we were to teach you the art of making cameras, would we be paid for it? Our cameras are known to be better than many others, including the German.

N.S. Khrushchev: If we were to get a license from you, the Soviet Union would be willing to pay according to international practice. However, I cannot agree that your cameras are better than others, including the German. Our cameras are also good.

C. White: To normalize economic relations we must have confidence in each other, but there is no such confidence because the American communists are trying to stir up every kind of conflict between the industrialists and the workers.

N.S. Khrushchev: I cannot be of any help to you in this, honorable gentleman. You have such a poor knowledge of our system that we have difficulty in explaining why. Do you want me to tell your communists not to do it?

C. White: Yes.

N. S. Khrushchev: If we were to tell this to your communists, they would say, "Keep your nose out of our business." We should say the same thing to the American communists, were they to meddle with our affairs.

E. Ridder: Mr. Chairman, you have seen the American people and you have agreed that they are a peace-loving nation. Did you think so before, and do you believe that the American government is just as peacefully disposed?

N. S. Khrushchev: My tour of the United States has not changed my convictions. I have regarded the American people as a peace-loving nation before this, too. As to the evaluation of the American Government's action, this depends on concrete conditions. We must judge by deeds and not words. (Word indistinct) have raised the question of disarmament. But if you only say that you are for peace, and continue having war bases around the Soviet Union, we shall also be compelled to have rocket bases directed against you.

We have submitted our proposal for a German peace treaty. If you sign it, this will mean you want peace; if not, it will mean you are striving to strain relations. We wish to live in peace and trade with you. Trade is litmus paper; it shows the state of relations between countries. It shows whether they want to live in peace or not. You do not want to trade with us. But why. This makes us think and be on the alert. Obviously you are planning something bad. After all, I cannot tell my people that you are for peace but don't want to trade, even in lousy (Parshiyaya) herrings. If I were to do this, the Soviet people would tell me I was a simpleton and it would probably be better to have another premier. But I will not tell this to the Soviet people.

If you do not wish to trade with us, don't. But end the discrimination. As long as there is discrimination, our heart remains thorned. However, if we find a common language on disarmament, if we conclude a peace treaty with the two German states, we shall see that you want to live in peace. If not, this will mean you want war. Everything depends on concrete actions. If you think, gentlemen, that our national economy will not stand the strain of the arms race you have imposed upon us, you are greatly mistaken. In our plans we have made provisions for the development of our peaceful economy and for the production of arms necessary to defend the interests of the Soviet Union.

We want peace, but we are ready to defend ourselves from any aggression.

This is all I wanted to tell you, gentlemen, in reply to your questions. Thank you for your attention.

E. Ridder thanked Khrushchev for his frank and useful talk. The guests of Mr. Ridder took warm leave of Khrushchev and wished him success in the noble struggle for the improvement of relations between the United States of America and the Soviet Union, among all the countries of the world.

Sept. 28, 1959

Sept. 25 Luncheon

Moscow, TASS, in English Hellschreiber to Europe, Sept. 25, 1959,
2150 GMT--L

(Text) Washington--Speaking at a luncheon in honor of Nikita S. Khrushchev on Sept. 25, Secretary of State Christian Herter said: Mr. Chairman, Soviet guests. You have been in our country over a week. You have had a crowded schedule, and I can assure you we admire your stamina.

In this short period, you have visited some of our major cities and have met a number of local government officials and private citizens. You have experienced differing situations, just as persons in political life meet them daily throughout this country. We want you to see us as we are. The airing of differences in our free society is normal and actually promotes understanding.

Beginning with this evening, you will have an opportunity for quiet discussion with President Eisenhower at Camp David. We hope that these discussions will create greater understanding between our countries and thereby serve the larger cause of world peace. We also hope you will take back with you a good impression of the United States, its people, and its way of life.

In his reply, Khrushchev said: I was very glad to hear the friendly pronouncements of Mr. Herter. I am in full accord with everything he said. I must sincerely declare on my own behalf, and on behalf of my companions, that we are very much pleased with the President's invitation to visit your country, very pleased with the stay here, and with the meetings we have had in your country.

I must say that to our mind nothing unexpected has happened during this trip. You think that when we object to things we do not agree with, we thereby express our dissatisfaction. No, we simply express our disagreement with the views of others, and this is perfectly normal. I understand why you think so. After all, you have a very poor knowledge of our system. We have more disagreements and discussions on practical questions than you. But your system operates in such a way that disagreements are presented in a more dramatic, sensational light.

When differences arise in our country on various questions, their discussion is held in a calm atmosphere. After all, the people who do not agree with one or another project brought up for discussion proceed from the same considerations as the authors of the draft. So, we have disputes, but no sensation.